



PUBLICATIONS

28 September 2021

MEGLIOQUESTO

H1 2021 (=)

(Company)

Strong growth as expected

Yesterday morning, MeglioQuesto published its results for the first half of 2021, which were broadly in line with our expectations.

The company saw revenues jump 68% to €27.4m from €16.3m in H1 2020. Both business segments performed strongly, with Customer Acquisition up 56% to €24.6m and Customer Management up 440% from €0.5m to €2.7m. In terms of sectors, Telco and Utilities accounted for 46.7% and 40.6% of revenues, followed by Insurance 7.9% and Finance 2.9%. EBITDA doubled from €2.3m to €4.6m and margins jumped from 13.7% to 16.1%, thanks to a significant reduction in operating costs as a percentage of turnover. Similarly, net profit almost doubled from €0.7m to €1.5m. Finally, the net financial position improved significantly from €17.4m in H1 2020 to just €1.4m in H1 2021, thanks to the IPO proceeds and significant cash generation.

CEO and founder Felice Saladini commented on the outstanding results, reiterating the validity of the multi-channel (voice + digital + human) strategy and recalled that thanks to the capital raised in the IPO, the company is evaluating external growth operations.

MQ's outstanding results in the first half of 2021 are in line with our expectations, so we are not changing our future estimates. At the same time, however, we are updating our market parameters, notably by reducing the specific risk premium of 125bps from 2.75% to 1.5%, which reduces our WACC from 9% to 8% and leads us to increase our Target Price from €3.3 to €4.5 and to maintain our Buy recommendation.

BUY – TP 4.5€ (vs 3.3€) - David Coppini: +33 1 78 95 71 78

Market Data

Industry	Business Services
Share Price (€)	4,1
Market Cap (€M)	215,8
Market Segment	AIM Italia
Bloomberg	1CALL-IT

Ownership structure

MQ Holding	74,1%
Jaime Torrents Rotelli	1,6%
Atlantiscom srl	1,6%
Francesco Esposito	1,6%
Market	21,1%

€M (31/12)	2020	2021	2022	2023
Sales (€M)	55,8	69,8	81,5	89,9
Growth		25,2%	16,7%	10,3%
EBITDA	6,7	12,1	15,0	17,1
EBITA Margin	12,0%	17,3%	18,4%	19,0%
Net income	2,2	6,8	7,9	9,0
EPS €	0,04	0,13	0,16	0,18
Growth		209,9%	17,2%	13,8%
Dividend	0,00	0,00	0,00	0,00
Yield (%)	0,0%	0,0%	0,0%	0,0%
FCF	-12,9	-3,1	4,1	6,6
ROCE	9,7%	24,6%	26,3%	28,2%
EV/Sales (x)		3,0	2,5	2,3
EV/EBIT (x)		20,5	17,6	15,6
PE (x)		30,9	26,4	23,2
Net Debt	14,7	-4,7	-10,1	-17,4
Gearing net	215%	-15%	-26%	-37%

* Pro-forma Midcap Partners estimates

Upcoming event : Nd

Consensus - Number of analysts : 2

	2021	2022	2023
Sales	69,1	83,4	92,0
EBIT	9,5	12,7	14,1
Net income	6,1	7,9	8,9

Source: FACTSET

TOP Peers	Market Cap (€M)	EV/Sales 2021	EV/Sales 2022	EV/EBIT 2021	EV/EBIT 2022
Teleperformance SA	20 987	3,4	3,2	26,2	23,8
TELUS Corporation	26 172	3,3	3,1	20,3	18,1
Doxee S.p.A.	86	3,7	3,2	21,9	17,0

Source: FACTSET

Analyst certifications

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1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

Conflict of Interests

Company	Conflict Type
BONDUELLE	Nil
FRANCAISE DE L'ENERGIE	D,G
MEGLIO QUESTO	G
WIIT	G

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